

STATE OF CALIFORNIA
ENVIRONMENTAL PROTECTION AGENCY
DEPARTMENT OF TOXIC SUBSTANCES CONTROL

In the Matter of:

AMPAC Fine Chemicals LLC
U. S. Highway 50 and Aerojet Road
Sacramento, CA 95813-6000

EPA ID No. CAR000069153

Docket No. HWCA 20051011

CONSENT AGREEMENT

Health and Safety Code
Section 25187

The State Department of Toxic Substances Control (Department) and AMPAC Fine Chemicals LLC (AMPAC) enter into this Consent Agreement and agree as follows:

1. Aerojet Fine Chemicals, LLC (AFC) has been a contract manufacturer of custom pharmaceutical intermediates and active pharmaceutical ingredients. AFC is a wholly-owned subsidiary of GenCorp Incorporated (GenCorp). Aerojet-General Corporation (Aerojet) is also a wholly owned subsidiary of GenCorp. The AFC facility is located on approximately 200 acres of the larger Aerojet facility which is located at U. S. Highway 50 and Aerojet Road, Sacramento, California (AFC Facility).

2. The Department inspected the AFC Facility in June and October 2004 and issued an inspection report to AFC on September 2, 2005. Based on the inspection and other information available to the Department, the Department alleges that AFC conducted certain hazardous waste treatment

activities without the required authorization from the Department. Aerojet, which now owns AFC, disputes the Department's allegation.

3. Based on the Department's inspection of the AFC Facility and the information available to the Department, the Department alleges that there is or may be unauthorized treatment of hazardous waste in violation of Health and Safety Code section 25201(a) with regard to operations conducted at the AFC Facility. AMPAC disputes that these processes constitute treatment of hazardous waste that requires authorization or is otherwise subject to the Hazardous Waste Control Law, Health and Safety Code, division 20, chapter 6.5, and its implementing regulations.

4. AMPAC has entered into an agreement with Aerojet under which AMPAC would purchase the assets utilized by AFC and operate those assets on land currently used by AFC, which AMPAC would lease from Aerojet.

5. AMPAC neither admits nor denies any statements of fact or law set forth in this Consent Agreement. Further, AMPAC disputes any liability, makes no admissions, and waives no rights, objections, or arguments it may have, except as is explicitly set forth herein.

6. The parties to this Consent Agreement wish to avoid the expense of litigation and to ensure prompt compliance with the applicable laws and regulations. Jurisdiction exists pursuant to Health and Safety Code section 25187. AMPAC waives any right to a hearing with regard to the violations alleged in Paragraph 3 of this Consent Agreement.

7. The Department has not made final determinations as to whether the processes involving the units or waste streams specified in Appendix A are (a) subject to the requirement to obtain a Hazardous Waste Facility Permit; (b) subject to the requirement to obtain a lower-tier permit or authorization; or (c) exempt from certain hazardous waste permitting or other hazardous waste management requirements.

8. After receipt of additional technical and related information from AMPAC as deemed necessary by the Department, the Department will make its final determinations as provided in Paragraph 7 of this Consent Agreement. Pending the Department's final determinations, and so long as AMPAC complies with all the requirements, terms and conditions of this Consent Agreement, the Department hereby authorizes AMPAC to conduct treatment by adding caustic or deactivating reagent to adjust the pH level or destroy cytotoxins remaining in the manufacturing liquid streams at the AFC Facility as specified in this Consent Agreement.

(a) The treatment processes covered by this Consent Agreement are the addition of caustic or deactivating reagent to adjust the pH level or destroy cytotoxins remaining in the liquid streams as part of the production of pharmaceutical intermediates and active pharmaceutical ingredients at the AFC Facility, including the processes and units described in Appendix A.

(b) The processes and units as authorized by this Consent Agreement are described in Appendix A, subject to changes made pursuant to subparagraphs (c) and (d) below.

(c) AMPAC may also conduct the processes described in subparagraph (a) above in any new units of material (e.g. glass-lined stainless steel) and construction equivalent to those listed in Appendix A, so long as the total number of units conducting the processes, including those identified in Appendix A, does not exceed 20 at any given time, and so long as the total capacity of the units does not exceed 20,000 gallons at any given time. All units must be located within the AFC Facility.

(d)(1) If AMPAC adds a unit as allowed in subparagraph (c) above, it shall notify the Department in writing three business days before such addition. AMPAC's notification shall include a certification prepared in accordance with California Code of Regulations, title 22, section 66270.11(d) stating that AMPAC is still in full compliance with the Consent Agreement, including the requirements of Paragraph 12.1.5 of this Consent Agreement. AMPAC's notification shall also supplement the information set forth in Appendix A and shall include the new unit number, location and sublocation of the unit, vessel capacity, construction materials of the unit, waste stream description, federal and state waste codes, and description of treatment process.

(d)(2) If AMPAC replaces a unit in kind, it shall promptly notify the Department upon unit replacement. AMPAC's notification shall include a certification prepared in accordance with California Code of Regulations, title 22, section 66270.11(d) stating that AMPAC is still in full compliance with the Consent Agreement, including the requirements of Paragraph 12.1.5 of this Consent Agreement. AMPAC's notification shall also supplement the

information set forth in Appendix A and shall include the new unit number, location and sublocation of the unit, vessel capacity, construction materials of the unit, waste stream description, federal and state waste codes, and description of treatment process.

(d)(3) In addition to the specific reagents set forth in Appendix A, AMPAC may add soda ash or sodium bicarbonate as caustic or deactivating reagent so long as (i) the new caustic or deactivating reagent does not affect the treatment processes as authorized by subparagraph 8(a) above; and (ii) AMPAC notifies the Department in writing three business days before the addition. AMPAC's notification shall include a certification prepared in accordance with California Code of Regulations, title 22, section 66270.11(d) stating that AMPAC is still in full compliance with the Consent Agreement, including the requirements of Paragraph 12.1.5 of this Consent Agreement. AMPAC's notification shall also supplement information set forth in Appendix A, including the new reagent, location and sublocation of the unit, vessel capacity, construction materials of the unit, waste stream description, federal and state waste codes, and description of treatment process.

(d)(4) In addition to the waste streams set forth in Appendix A, AMPAC may add a waste stream so long as (i) the new waste stream does not affect the treatment processes as authorized by subparagraph 8(a) above; (ii) the new waste stream has only those federal and state waste codes as specified in Appendix A; and (iii) AMPAC notifies the Department in writing three business days before the addition. AMPAC's notification

shall include a certification prepared in accordance with California Code of Regulations, title 22, section 66270.11(d) stating that AMPAC is still in full compliance with the Consent Agreement, including the requirements of Paragraph 12.1.5 of this Consent Agreement. AMPAC's notification shall also supplement information set forth in Appendix A, including the new waste stream, location and sublocation of the unit, vessel capacity, construction materials of the unit, waste stream description, federal and state waste codes, and description of treatment process.

9. The Authorization provided in Paragraph 8 is limited to treatment of waste streams generated by AMPAC on site at the AFC Facility. The authorization provided in Paragraph 8 shall remain in effect for two years from the Effective Date of this Consent Agreement, unless superseded by a Hazardous Waste Facility Permit, if any, or other forms of authorization issued or deemed necessary by the Department under applicable laws or regulations. The Department may terminate this authorization at any time if the Department determines that AMPAC has failed to comply with any of the requirements, terms or conditions of this Consent Agreement. The termination of this Consent Agreement shall not affect any rights, defenses or remedies available to AMPAC under applicable laws or regulations.

10. This Consent Agreement shall constitute full settlement as to AMPAC of the violations alleged in paragraph 3 of this Consent Agreement, and any violation that could have been brought against AMPAC regarding its operation at the AFC Facility based on the information known to the Department as of the Effective Date of this Consent Agreement. This

Consent Agreement does not limit the Department from taking appropriate enforcement action concerning other violations. This Consent Agreement does not prevent the Department from taking action against AFC, Aerojet or GenCorp for any violation of the state laws or regulations. This Consent Agreement does not constitute the Department's approval or endorsement of any information or documents submitted by AFC, Aerojet or GenCorp, relating to the Department's inspection of the AFC Facility in June and October 2004, or relating to the preparation or negotiation of this Consent Agreement.

11. In the event that AMPAC fails to comply with any of the requirements, terms or conditions of this Consent Agreement, the Department reserves all of its statutory and regulatory powers, authorities, remedies and rights to take necessary action against AMPAC. AMPAC reserves all of its statutory and regulatory rights, defenses and remedies with regard to any action taken by the Department, including but not limited to the right to challenge any of the Department's final decisions through administrative or judicial means. Additionally, the Department and AMPAC reserve their respective rights, defenses and remedies with regard to any settlement (whether by settlement agreement, consent agreement, consent order or decree, or stipulated judgment), including its effect on any rights conferred by this Consent Agreement, that the Department may reach with AFC, Aerojet or GenCorp in the Department's pending enforcement action against AFC, Aerojet or GenCorp. The Department agrees to notify AMPAC

upon the initiation of any adjudicatory proceeding, either administrative or judicial, in its pending enforcement action against AFC, Aerojet or GenCorp.

SCHEDULE FOR COMPLIANCE

12. AMPAC shall comply with the following:

12.1.1. Compliance with Applicable Requirements. Except as otherwise provided in this Consent Agreement, AMPAC shall comply with all applicable federal, state and local requirements in its operation as specified in Paragraph 8 of this Consent Agreement, including California Health and Safety Code, division 20, chapter 6.5 and its implementing regulations in California Code of Regulations, title 22, division 4.5, including but not limited to the requirements in Chapter 15 of those regulations.

12.1.2. Submittal to Facilitate the Department's Final Determination. Within 90 days of the Effective Date of this Consent Agreement, AMPAC shall submit all information and analysis that the Department deems necessary for the Department to make its final determinations as provided in Paragraph 7 of this Consent Agreement with respect to the processes or units covered by this Consent Agreement. The Department will advise AMPAC promptly after receipt of such initial submittal whether the Department requires or desires additional information. AMPAC shall submit all supplemental information to the Department within 15 days of the Department's request for supplemental information, to the maximum extent feasible.

12.1.3. Lower-Tier Permitting Requirements. Within 90 days after the Department notifies AMPAC in writing of its determination, if any, that

AMPAC is required to comply with the Permit-By-Rule requirements, Conditional Authorization requirements, and/or Conditional Exemption requirements, with respect to any of the processes conducted by AMPAC, but no sooner than 180 days after the Effective Date of this Consent Agreement, AMPAC shall file the required notification with the Certified Unified Program Agency.

12.1.4. Submittal of Hazardous Waste Facility Permit Application.

Within ten months after the Department notifies AMPAC in writing of its determination, if any, that AMPAC is required to obtain a Hazardous Waste Facility Permit for any of the processes conducted by AMPAC, AMPAC shall submit to the Department an application (both Part A and Part B) for a Hazardous Waste Facility Permit.

12.1.5. Interim Hazardous Waste Management Requirements.

AMPAC shall comply with the following requirements:

(a) Within 15 days of the Effective Date of the Consent Agreement, AMPAC shall notify the United States Environmental Protection Agency of the change of ownership and that AMPAC is now the operator of the AFC Facility which was assigned the ID Number: CAR000069153.

(b) Within 90 days of the Effective Date of this Consent Agreement, AMPAC shall submit to the Department for review and approval a Waste Analysis Plan that meets the requirements of California Code of Regulations, title 22, section 66265.13. AMPAC shall comply with its proposed Waste Analysis Plan pending the Department's review

and approval, and shall comply with the Department-approved Waste Analysis Plan upon the Department's approval of the Plan.

(c) Within 90 days of the Effective Date of this Consent Agreement, AMPAC shall submit to the Department for review and approval an Inspection Plan and Schedule that meets the requirements of California Code of Regulations, title 22, section 66265.15. AMPAC shall comply with its proposed Inspection Plan and Schedule pending the Department's review and approval, and shall comply with the Department-approved Inspection Plan and Schedule upon the Department's approval of the Plan and Schedule.

(d) Within 90 days of the Effective Date of this Consent Agreement, AMPAC shall submit to the Department for review and approval a Personnel Training Plan that meets the requirements of California Code of Regulations, title 22, section 66265.16. AMPAC shall comply with its proposed Personnel Training Plan pending the Department's review and approval, and shall comply with the Department-approved Personnel Training Plan upon the Department's approval of the Plan.

(e) Within 90 days of the Effective Date of this Consent Agreement, AMPAC shall submit to the Department for review and approval a Contingency Plan that meets the requirements of California Code of Regulations, title 22, section 66265.52. Immediately upon the Effective Date of this Consent Agreement, AMPAC shall comply with the Emergency Procedures contained in Aerojet's Part B Permit

Application dated 2005, Volume II, Section X (to the extent applicable) until the Department approves a Contingency Plan for AMPAC.

(f) Within 90 days of the Effective Date of this Consent Agreement, AMPAC shall meet the requirements of California Code of Regulations, title 22, section 66265.147 by demonstrating to the Department financial assurance and maintaining liability coverage for bodily injury and property damage to third parties caused by sudden accidental occurrences arising from operation of the AFC Facility.

(g) Within 90 days of the Effective Date of this Consent Agreement, AMPAC shall submit to the Department for review and approval a Closure Plan and closure cost estimate that meet the requirements of California Code of Regulations, title 22, section 66265.112 and section 66265.142.. Within 90 days of the Effective Date of this Consent Agreement, AMPAC shall meet the requirements of California Code of Regulations, title 22, section 66265.143 by demonstrating to the Department and maintaining a financial assurance mechanism for the closure cost as estimated by AMPAC pending the Department's approval of the proposed cost estimate. AMPAC shall revise the cost estimate, if necessary, and demonstrate to the Department and maintain an updated financial assurance mechanism, if necessary, to cover the cost estimate as approved by the Department within 30 days of the Department's approval.

(h) Within 90 days of the Effective Date of this Consent Agreement, AMPAC shall submit to the Department for review and approval tank integrity assessment certification for each authorized tank that meets the requirements of California Code of Regulations, title 22, section 66265.191.

(i) Within 90 days of the Effective Date of this Consent Agreement, AMPAC shall submit to the Department for review and approval a plan and schedule for complying with the secondary containment requirements of California Code of Regulations, title 22, section 66265.193.

12.2. Submittals: All submittals and notifications from AMPAC pursuant to this Consent Agreement shall be sent simultaneously to:

James Pappas, Chief
Northern California Permitting and
Corrective Action Branch
Department of Toxic Substances Control
8800 Cal Center Drive
Sacramento, California 95826-3200

Kim Wilhelm, Chief
Statewide Compliance Division
Department of Toxic Substances Control
8800 Cal Center Drive
Sacramento, California 95826-3200

All notifications and billing statements from the Department to AMPAC shall be sent to:

Aslam Malk
AMPAC Fine Chemicals. LLC
U. S. Highway 50 and Aerojet Road
Sacramento, California 95813-6000

12.3. Communications: All approvals and decisions of the Department made regarding such submittals and notifications shall be communicated to AMPAC in writing by a Branch Chief, Department of Toxic Substances Control, or his/her designee. No informal advice, guidance, suggestions, or comments by the Department regarding reports, plans, specifications, schedules, or any other writings by AMPAC shall be construed to relieve AMPAC of its obligation to obtain such formal approvals as may be required.

12.4. Department Review and Approval: If the Department determines that any report, plan, schedule, or other document submitted for approval pursuant to this Consent Agreement fails to comply with the Consent Agreement or fails to protect public health or safety or the environment, the Department may return the document to AMPAC with recommended changes and a date by which AMPAC must submit to the Department a revised document incorporating the recommended changes.

12.5. Compliance with Applicable Laws: AMPAC shall carry out this Consent Agreement in compliance with all local, state, and federal requirements, including but not limited to the requirements to obtain permits and to assure worker safety.

12.6. Endangerment During Implementation: In the event that the Department determines that any circumstances or activity (whether or not pursued in compliance with this Consent Agreement) creates an imminent or substantial endangerment to the health or welfare of people on the site or in the surrounding area or to the environment, the Department may order

AMPAC to stop the activity for such period of time as needed to abate the endangerment. Any deadline in this Consent Agreement directly affected by a Stop Work Order under this Paragraph shall be extended for the term of such Stop Work Order.

12.7. Liability: Nothing in this Consent Agreement shall constitute or be construed as a satisfaction or release from liability for any conditions or claims arising as a result of past, current, or future operations of AMPAC, except as provided in this Consent Agreement. Notwithstanding compliance with the terms of this Consent Agreement, AMPAC may be required to take further actions as are necessary to protect public health or welfare or the environment.

12.8. Facility Access: Access to the AFC Facility shall be provided at all reasonable times to employees, contractors, and consultants of the Department, and any agency having jurisdiction. Nothing in this Consent Agreement is intended to limit in any way the right of entry or inspection that any agency may otherwise have by operation of any law. The Department and its authorized representatives may enter and move freely about all property at the Site at all reasonable times for purposes including but not limited to: inspecting records, operating logs, and contracts relating to the AFC Facility; reviewing the progress of AMPAC in carrying out the terms of this Consent Agreement; and conducting such tests as the Department may deem necessary. AMPAC shall permit such persons to inspect and copy all records, documents, and other writings, including all sampling and

monitoring data, in any way pertaining to work undertaken pursuant to this Consent Agreement.

12.9. Sampling, Data, and Document Availability: AMPAC shall permit the Department and its authorized representatives to inspect and copy all sampling, testing, monitoring, and other data generated by AMPAC or on AMPAC's behalf in any way pertaining to work undertaken pursuant to this Consent Agreement. AMPAC shall allow the Department and its authorized representatives to take duplicates of any samples collected by AMPAC pursuant to this Consent Agreement. AMPAC shall maintain a central depository of the data, reports, and other documents prepared pursuant to this Consent Agreement. All such data, reports, and other documents shall be preserved by AMPAC for a minimum of six years after the conclusion of all activities under this Consent Agreement. If the Department requests that some or all of these documents be preserved for a longer period of time, AMPAC shall either comply with that request, deliver the documents to the Department, or permit the Department to copy the documents prior to destruction. AMPAC shall notify the Department in writing at least six months prior to destroying any documents prepared pursuant to this Consent Agreement. Nothing in Consent Agreement constitutes a waiver of any of AMPAC's rights regarding privilege, confidentiality or confidential business information. The provisions in this Paragraph and Paragraph 12.8 of this Consent Agreement are limited to activities for the implementation of this Consent Agreement.

12.10. Government Liabilities: The State of California shall not be liable for injuries or damages to persons or property resulting from acts or omissions by AMPAC or related parties specified in Paragraph 14.3, in carrying out activities pursuant to this Consent Agreement, nor shall the State of California be held as a party to any contract entered into by AMPAC or its agents in carrying out activities pursuant to this Consent Agreement.

12.11. Incorporation of Plans and Reports: All plans, schedules, and reports that require Department approval and are submitted by AMPAC pursuant to this Consent Agreement are incorporated in this Consent Agreement upon approval by the Department.

12.12. Extension Requests: If AMPAC is unable to perform any activity or submit any document within the time required under this Consent Agreement, AMPAC may, prior to expiration of the time, request an extension of time in writing. The extension request shall include a justification for the delay.

12.13. Extension Approvals: If the Department determines that good cause exists for an extension, it will grant the request and specify in writing a new compliance schedule.

PAYMENT

13.1. AMPAC agrees to pay the Department \$42,000 within 60 days of the Effective Date of this Consent Agreement.

13.2. The Department will apply the \$42,000 as reimbursement of its costs incurred in implementing Paragraph 12.1.5 of this Consent Agreement. It is understood by the parties that the amount of \$42,000 is

only an estimate and may differ from the actual costs incurred by the Department. The Department will bill AMPAC for its actual costs incurred in implementing Paragraph 12.1.5 of this Consent Agreement. If the actual costs do not exceed \$42,000, the Department will refund the balance to AMPAC within 120 days after the Department completes its review and other activities under Paragraph 12.1.5 of this Consent Agreement.

13.3. The Department will provide AMPAC with a billing statement at least quarterly, which will include the name(s) of the employee(s), identification of the activities, the amount of time spent on each activity, and the hourly rate charged.

13.4. The Department will retain all costs records associated with the work performed under this Consent Agreement as required by state law. The Department will make all documents that support the Department's cost determination available for inspection upon request, as provided by the Public Records Act.

13.5. Any dispute concerning the Department's costs incurred pursuant to this Consent Agreement is subject to the dispute resolution procedures as established pursuant to Health and Safety Code section 25269.2. The Department reserves its right to recover unpaid costs under applicable state and federal laws.

13.6. Except for the initial payment of \$42,000, all payments shall be made within 30 days of the date of the billing statement by check payable to the Department of Toxic Substances Control and shall be sent to:

Accounting Unit
Department of Toxic Substances Control
P. O. Box 806
Sacramento, California 95812-0806

All checks shall reference AMPAC Fine Chemicals LLC and its address, and the docket number of this Consent Agreement. Copies of all checks and letters transmitting such checks shall be sent simultaneously to:

James Pappas, Chief
Northern California Permitting and
Corrective Action Branch
Department of Toxic Substances Control
8800 Cal Center Drive
Sacramento, California 95826-3200

OTHER PROVISIONS

14.1. Additional Enforcement Actions: By agreeing to this Consent Agreement, the Department does not waive the right to take further enforcement actions, except to the extent provided in this Consent Agreement.

14.2. Penalties for Noncompliance: Failure to comply with the terms of this Consent Agreement may subject AMPAC to civil penalties and/or punitive damages for any costs incurred by the Department or other government agencies as a result of such failure, as provided by Health and Safety Code section 25188 and other applicable provisions of law.

14.3. Parties Bound: This Consent Agreement shall apply to and be binding upon AMPAC and its officers, directors, agents, receivers, trustees, employees, contractors, consultants, successors, and assignees, including but not limited to individuals, partners, and subsidiary and parent corporations, and upon the Department and any successor agency that may

have responsibility for and jurisdiction over the subject matter of this Consent Agreement.

14.4. Effective Date: The effective date of this Consent Agreement is the date it is signed by both AMPAC and the Department.

14.5. Integration: This agreement constitutes the entire agreement between the parties and may not be amended, supplemented, or modified, except as provided in this agreement. This Consent Agreement may only be modified in writing and if it is signed by duly authorized representatives of the parties.

14.6. Compliance with Waste Discharge Requirements: AMPAC shall comply with all applicable waste discharge requirements issued by the State Water Resources Control Board or a California regional water quality control board.

14.7. Counterparts. This Consent Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, but such counterparts shall together constitute one and the same document.

Dated: 11/30/05

(Original Signed by Seth Voorhees)
Seth Van Voorhees
Chief Financial Officer, Vice President and
Treasurer
AMPAC Fine Chemicals LLC

Dated: 11/28/05

(Original Signed by Kim J. Wilhelm)
Kim Wilhelm, Chief
Statewide Compliance Division
Department of Toxic Substances Control